



City of Wheatland

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CITY COUNCIL MEETING

STAFF REPORT

Date: August 10, 2010

Agenda Item:

Subject:

Continuation of the March 9, 2010 public hearing considering the termination of the development agreements between the City and (1) Lakemont Overland Crossing, LLC (Jones Ranch); (2) Wheatland Heritage Oaks, LLC (Heritage Oaks East – Single Family Residential); and (3) Trivest Land Co., Inc (Heritage Oaks East - Commercial/Multi-family).

Prepared by:

Tim Raney, Community Development Director

Recommendation:

Staff recommends that the City Council conduct and close the public hearing considering the termination of the development agreements between the City and (1) Lakemont Overland Crossing, LLC (Jones Ranch); (2) Wheatland Heritage Oaks, LLC (Heritage Oaks East – Single Family Residential); and (3) Trivest Land Co., Inc (Heritage Oaks East - Commercial/Multi-family). Staff further recommends that the council discontinue the development agreement termination process and establish an ad-hoc committee of the council to review proposed agreements.

Discussion:

At the March 9, 2010 meeting, the Wheatland City Council conducted a public hearing to consider the termination of the development agreements related to the Jones Ranch and Heritage Oaks East projects and voted to continue the hearing to the June 8, 2010 City Council meeting. The Council granted the 90-day extension based on the request of the current property owners in order to allow them to work with city staff to correct the development agreement deficiencies. On June 9, 2010, the City Council granted the

property owners an additional 30-day extension and continued the hearing to the July 13, 2010 Council meeting. One final 30-day extension was granted by the City Council, which continued the hearing to August 10, 2010.

Since March 2010, City staff has met on many occasions with the new ownership groups of the Jones Ranch and Heritage Oaks East properties. Staff has developed tentative and separate agreements with the three parties to the development agreements. These tentative agreements differ by the circumstances of each default, but ensure that the development agreement defaults are cured. A general outline of each is provided below:

Jones Ranch – Royal Bank of Canada

The Jones Ranch property is currently owned by Royal Bank of Canada and the monies owed to the City according to the development agreement have been paid in full. However, the development agreement required that a joint use agreement be established between the City and the Wheatland High School District related to the park facility identified adjacent to Wheatland High School. The previous owners of the Jones Ranch project entered into a separate agreement with the Wheatland High School District prior to the joint use agreement being negotiated, and this separate agreement eliminated the possibility of a joint use park adjacent to the Wheatland High School. The Wheatland High School Board re-confirmed their interest in their agreement with the property owner at their meeting on July 13, 2010.

Staff has worked with the Royal Bank of Canada representatives to find a suitable replacement for the lost park land to cure the development agreement deficiency. This includes having approximately 5 acres of additional land within the project area dedicated to the City for park use. The dedication of this land will eliminate the development agreement default for Jones Ranch.

Heritage Oaks East – Trivest Land Co.

Trivest Land Co. owns the commercial and multi-family portion of the Heritage Oaks East project site. Trivest has paid a portion of the monies due to the City as required by the development agreement; however, Trivest has not paid its share of the Main Street traffic signal costs. The representatives of Trivest have agreed to a payment plan that requires a significant portion of the outstanding balance to be paid with the discontinuation of the default hearing, and the remainder to be paid in conjunction with future building permits. Staff believes that this payment plan will eliminate the development agreement default.

Heritage Oaks East – US Bank/Lewis Operating Company

Based on the development agreement, the residential portion of Heritage Oaks East project currently owes the City a share of the Main Street signal as well as other identified costs. At the June 9, 2010 meeting, Mr. Doug Mull, representing the Lewis

Operating Company, indicated that his company was in negotiations with US Bank to purchase the residential portion of Heritage Oaks East. Lewis Operating Company is now under contract with US Bank for the property and will pay the monies due according to a payment plan. This payment plan requires Lewis Operating Company to pay the Main Street Signal costs once the City Council formally discontinues the consideration of the development agreement default. The remainder of the monies due will be paid once the property is transferred to Lewis Operating Company. This payment plan will eliminate the development agreement default for the residential portion of Heritage Oaks East.

Council Ad-Hoc Committee

Staff has completed the tentative agreements with the land owners to cure the development agreement defaults. The next step is to have the City legal counsel draft formal agreements and/or development agreement amendments to be brought back to the City Council for consideration and final adoption. Staff recommends that an ad-hoc committee of the City Council be appointed to review the final terms of the agreements. The ad-hoc committee will also be responsible for making a recommendation on the final agreements to the City Council.

Alternatives:

The City Council could choose to not accept the proposed terms of the agreements and could terminate the development agreements. The City Council could also continue the public hearing to a future meeting date and direct staff to continue negotiating the terms of the agreements.

Fiscal Impact:

The elimination of the development agreement defaults will provide the City of Wheatland with money that it is currently owed.